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November 30, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Room TW-A325
Washington, DC 20554

Re: In the Matter of Federal-State Joint Board on Universal Service,
CC Docket No. 96-45 and Rural Task Force Recommendation to the
Federal-State Joint Board, FCC OOI-3

Dear Ms. Salas:

Transmitted herewith on behalf of the State of Alaska are an original and four (4) copies of the "Reply Comments of the State of Alaska" for filing in the above-referenced docket.

In the event there are any questions concerning this matter, please communicate with the undersigned.

Very truly yours,


Robert M. Halperin

Enclosures

cc: Sheryl Todd (3 copies)
International Transcription Service, Inc. (1 diskette copy)

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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In the Matter of)

Federal-State Joint Board on)
Universal Service)

CC Docket No. 96-45

Rural Task Force Recommendation)
to the Federal-State Joint Board)
_____)

FCC-00J-3

REPLY COMMENTS OF THE STATE OF ALASKA

The State of Alaska ("Alaska" or "the State") submits these brief reply comments to address a single issue: is access charge reform for rural telephone companies necessary for interexchange carriers ("IXCs") to continue to comply with the statutory and regulatory requirements for rate integration?¹ The answer most assuredly is that the requirements for rate integration must be followed, even if access charge reform for rural telephone companies is not implemented.

AT&T says that access charges in areas served by rural telephone companies must be reformed if long distance carriers are to be able to continue to comply with rate integration requirements. It believes that some regional long distance competitors will be in a position to charge lower rates because their access costs will be lower than those of national carriers. National IXCs, it alleges, will then lose

¹ See 47 U.S.C. § 254(g); 47 C.F.R. § 64.1801(b).

customers in low-cost areas to lower priced regional rivals.² AT&T therefore urges the FCC to reform rural carriers' access charges as quickly as possible.

The State takes no position on whether the access charge reforms proposed by the Rural Task Force ("RTF") should be implemented, but the requirements for rate integration must be followed even if those reforms are not implemented. Indeed, as a legal matter, the Commission has previously determined that rate integration and geographic rate averaging are not dependent on access charge reform. AT&T previously sought to delay implementation of these requirements until after access charges were reduced and more cost based. The Commission rejected that suggestion stating that Congress was fully aware of geographic differences in access charges when it adopted Section 254(g), and nonetheless required the Commission to adopt rules implementing that statutory provision within six months.³

Even if regional IXCs face lower access charges – a fact that has not been established – nationwide IXCs have other cost advantages over regional carriers, such as the ability to take advantage of more efficient national advertising, and the

² AT&T Comments at 6.

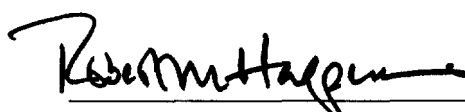
³ *Policy and Rules Concerning the Interstate Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended, Report and Order*, 11 FCC Rcd 9564, 9583 at ¶¶ 41, 52 (1996). Smaller, regional carriers argued that they should be relieved from complying with rate integration requirements because *they* faced higher costs. The FCC rejected the argument as well. *Id.* at ¶ 53.

ability to use their own networks throughout the country, rather than having to purchase services or facilities from other carriers.

In short, regardless of whether rural telephone company access charges are reformed, rate integration – and geographic rate averaging – remain statutory and regulatory requirements to which all providers of interstate interexchange service must adhere.

Respectfully submitted,

THE STATE OF ALASKA

A handwritten signature in black ink, appearing to read "Robert M. Halperin", written over a horizontal line.

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November 30, 2000

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of November 2000, a copy of the foregoing Reply Comments of The State of Alaska was served by hand and/or first-class mail on the following:

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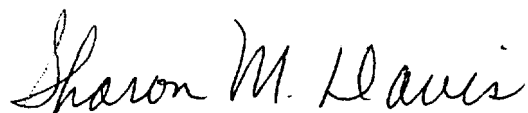
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